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Bernie Madoff speaks: Politics, remorse and Wall Street

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BUTNER, N.C. — From his office on the 17th floor of midtown Manhattan's red enameled Lipstick Building, Bernard Madoff often handled billions of dollars in a single day.

These days, at the medium-security prison here, the man convicted of orchestrating the biggest Ponzi scheme in American history is forbidden from possessing even a handful of quarters.

"Inmates are not allowed to handle money," reads a sign on a vending machine at the medium-security prison, where visitors — but not inmates — can pay \$1.25 for a bottle of water just outside a visitation room.

(PHOTOS: Bernie Madoff's Ponzi fallout)

This is one of many rules that Madoff, who is 75, lives by in the eight-by-10-foot cell he shares with another inmate at the federal correctional facility where he is serving a 150-year sentence.

Madoff pleaded guilty in March 2009 to massive investment and securities fraud, admitting to a years-long deception that shattered the lives of thousands of clients — a list that included millionaire investors, middle-class retirees, college endowments and philanthropic organizations.

In an interview at Butner last week, Madoff weighed in with his latest views on everything from his favorite politicians to the ties between Washington and Wall Street to details about his life in prison and his severed relationships with family members.

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Among the highlights of the interview, which lasted more than three hours:

Madoff described in detail the "never ending" fund raising solicitations from politicians, and was harshly critical of President Barack Obama, even though he said he voted for him in 2008. The politician he said he admires the most is Sen. Ron Wyden, the Oregon Democrat. He had sharp words for Irving Picard, the trustee charged with overseeing the recovery of lost money, saying, "He'll take credit for everything." He warned that he is sure there are other "bad players like myself" getting away with another massive Ponzi scheme. And he offered one piece of advice to investors: Stay away from the stock market. Madoff expressed no particular remorse for the disproportionate devastation he has caused Jewish clients, both individuals and charities. "I don't feel that I betrayed the Jews," he

said. He said he does not have kidney cancer, contrary to news reports early this year, and that his health problems seem to be under control. He insisted that the adjustment from the high life to prison life was not that bad, though he is constantly bored. "It's actually very pretty," he said of Butner. "More like a college campus." Madoff said that while "I miss everything," the estrangement from his family was hardest to bear, adding that "I don't have anything to live for."

The legal system isn't done with the Madoff case yet. After a five-month trial, a jury in New York is now deliberating on whether five of his former employees were in on the fraud. Madoff was adamant that those employees knew nothing about his scheme and that they were simply "following instructions from clients."

(Also on POLITICO: How Washington beat Wall Street)

By Madoff's count, this is his fifth in-person interview since arriving at Butner in the summer of 2009. While he said he is of course sorry for what he did, his talking points were clear: that his crimes have been exaggerated and his efforts to recover money for his victims have gone unacknowledged.

"Everybody thinks the worst of me," he said. "The only thing I'm happy about is I was able to help people recover."

He said he has not changed. "There's nothing for me to change from. It's not like I ever considered myself a bad person. I made a horrible mistake and I'm sorry."

Such comments are no solace to his victims.

"He never tells the truth," 70-year-old Miriam Siegman, who lost her life's savings in the Madoff scheme, said in an interview. "He manipulates it to exonerate himself in some way. He's a master manipulator."

When Madoff strolled in the visitation room for the interview with a guard through a green patio enclosed by a chain-linked fence and barbed wire — the sunshine bringing out a dark tint in his glasses — he looked at ease and comfortable. Security at the facility is relaxed — inmates sleep with their doors unlocked. Madoff fills out his khaki uniform and doesn't appear to have lost weight. (This reporter walked through a metal detector and her cell phone and tape recorder were held at the front desk. No photographs were allowed.)

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With his casual demeanor and confidence, it was easy to imagine how the former investor might have once mingled with political and Wall Street elite — and charmed his many clients. Asking about an appointment for the next day, he spoke to a guard as if he were still the boss. And he asked this reporter about her ethnicity, how she was getting home to Washington, D.C. and he instructed her to mail him a copy of this article.

Madoff said he dreams of living a different life.

"I would go find myself an island somewhere with my wife, if she were willing to, and go fishing." But he's not sure Ruth would go with him. "I don't know. I would hope so."

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MADOFF THE POLITICAL PUNDIT

When there were millions of dollars attached to his name, Madoff was constantly hounded by politicians, from local to federal candidates. He insisted that he found it all off-putting — socializing at cocktail parties in the city, attending swanky fundraisers in the Hamptons, and feeling obligated to cut checks.

(Also on POLITICO: Full finance policy coverage)

Now, he sounds like a campaign finance reformer. “I basically think everybody would be better off... if people weren’t able to exert so much influence on politicians with money,” he said. “Politicians themselves would probably prefer not to deal with them—both begging for and being beholden.”

Still, Madoff let the campaign money flow. Madoff and his wife Ruth made several hundreds of thousands of dollars in political donations since the 1990s, according to Federal Election Commission records. The recipients were mostly Democrats, and the roster included Sen. Chuck Schumer, ex-New Jersey Gov. Jon Corzine, Rep. Joseph Crowley, Sen. Jeff Merkley and Hillary Clinton during her Senate bid.

The solicitations were “never ending,” Madoff recalled. “These politicians take money from anybody — Democrats, Republicans.” (Madoff said he registered as a Democrat long ago but now considers himself an independent.)

Madoff said Schumer, whom he described as a “personable guy,” would ask him for money a couple of times a year. “They would come up [to Madoff’s office] just to say hello and collect the money,” he said.

Approached in a Senate hallway last week, Schumer seemed willing to talk to a reporter — until the subject of Madoff came up. “I’m not commenting,” the New York Democrat said as he walked away. “I am not commenting.” That Schumer, who is known for seeking press attention, refused to discuss Madoff demonstrates how toxic the Madoff name has become.

Schumer and the Democratic Senatorial Campaign Committee, which the senator previously chaired, returned money from Madoff soon after the scandal broke.

While Madoff expressed disdain for the web of money that bound politicians and industry titans, there were some politicians he said he was genuinely fond of.

At the top of his list: Ron Wyden.

“He’s extremely intelligent and ... whenever I hear an issue and he comes up, it seems to be something that I agree with,” Madoff said, adding that Wyden “seems to have a tremendous amount of integrity” and was the most “impressive” of all the politicians he ever met.

According to Madoff, the two met more than a decade ago when the Wyden was a member of the House. The issue of the fees that some exchanges pay a broker’s firm — payment for order flow — was a hot topic at the time, and Madoff, who previously served

as chairman of NASDAQ, was called on to testify at a congressional hearing.

He and his brother Peter met with the Democratic lawmaker to convince him and others that there was nothing wrong with the practice.

"We gave money to Wyden after that," Madoff said. "It wasn't payback — I just felt he just took the time to understand the issue."

Approached as he was leaving the Senate floor, Wyden, like Schumer at first, seemed happy to stop and chat. But when asked about Madoff's comments, Wyden said he no longer had time.

"I'm just running — I just finished something on Medicare and I'd be glad to give you a statement. Let me just give you a statement and we'll go from there," he said, before ducking into an elevator and directing a reporter to his office for a comment.

Wyden's office never produced a statement.

While an endorsement from Madoff is the last thing a politician would want, he keeps up with the news — and even played pundit.

Even though he's donated to Clinton, Madoff doesn't think she would make a good president. "I certainly wasn't impressed with her as secretary of state," he says. "Our foreign policy is a mess."

Madoff voted for Obama in 2008, but now says he is "terribly disappointed" in the president and would not have voted for him a second time. "His policies are too socialist." (For his part, Obama has said little about Madoff except a month after he was first elected, when he said, "Charities that invested in Madoff could end up losing savings on which millions depend — a massive fraud.")

New York Mayor Bill de Blasio? "I'm not a great fan of redistribution of wealth," Madoff says.

As for the bridge scandal enveloping Gov. Chris Christie of New Jersey, he said, "It looks like a circus."

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THE HIGH LIFE TO PRISON LIFE

It wasn't long ago that Madoff lived in an almost \$10 million duplex penthouse on the Upper East Side of Manhattan, could jet off on a private plane in a moment's notice or commandeer his 55-foot restored yacht. But he did not grouse much about prison life.

He has freedom to move about the compound, where the cells are not locked at night. His biggest complaint is boredom, and he passes the time by taking long walks and reading for hours each day. The room he shares with a Texan inmate is comfortable enough with desks, bunk beds, and chairs, as well as a window that looks out on to the yard.

"It's actually very pretty," he said. "More like a college campus." He added, "Everything's provided for you."

Madoff said he gets up at 4 a.m. and is usually in bed by 8 p.m. To pass the time, Madoff said he mostly reads, and also watches several hours of television news each day and listens to radio news — including the "conservative nut jobs." When he first arrived at Butner, it wasn't unusual to catch segments about himself. (He can get limited emails but not surf the web.)

"I figure if I don't hear my name mentioned, it's a good day," Madoff said, letting out a dry chuckle.

Even the food in prison is mostly "all right," though he reminisced about traveling to cities like Hong Kong and his love for Asian food. The canteen at Butner sometimes serves chicken fried rice, but that it is "horrible."

Madoff makes about \$40 per month keeping the living quarters picked up as part of a five-inmate crew. And he said other inmates treat him just fine, though, "Quite frankly, they admire me for the wrong reasons."

"Unfortunately," he added, "my notoriety precedes me."

Madoff appears to be in good health. He said he has a form of kidney disease — not cancer — which is being treated and seems to be under control. He suffered a heart attack this winter caused by a blocked artery, but he's had surgery to get a stent put in place.

"I'm on so much medication — heart, kidney blood pressure," he said. "I never took a pill before I came here. Anxiety medication. I must take 14 different meds every day."

Madoff visits a psychiatrist once a week, but said that those sessions have done little to prevent him from reliving the pain he's inflicted on his family. "I can't tell you how many hours I've spent with the psychiatrist — to try to make some sort of peace with myself, to understand how I did it," he said. "I'd like to believe that there was something mentally wrong with me. It would make me feel better."

Madoff hasn't had many visitors over the years — just a handful of reporters and a few relatives, including a grand niece who goes to school nearby. Though inmates are allowed to use the phone a couple of hours each month, he hardly ever uses up all his minutes, he said, with no one for him to call and no one calling him.

The hundreds of letters he used to receive daily have dwindled over the years to about a dozen a day. There was some hate mail in the beginning, but Madoff said that many others have expressed both support for Madoff and criticism of some of his former clients.

"Some of them will say, look, how can someone not expect to lose money in the stock market?" Madoff said, pointing out that some people don't understand that he was convicted of running a massive fraud, not giving bad investment advice.

Madoff seemed to regret having allowed a few reporters to visit him at Butner. They never get the story right, he said.

He expressed the most disappointment with The New York Times' Diana Henriques, who wrote a book about the Ponzi scheme and has covered the Madoff family extensively. Madoff said he didn't like the title of her book — "Wizard of Lies" — and had hoped that Henriques would have told his story differently.

"I chose her because she knew the industry," Madoff said. "She couldn't get her arms around how it happened."

Henriques isn't losing sleep over the bad review from Madoff. She said in an email that it's "hardly surprising, and in fact, quite reassuring," that he had a negative response to her book.

On the book's title, she said: "I thought it fit perfectly."

Madoff also mentioned that Katie Couric sent him a letter recently but that he doesn't plan to meet with her (Couric said she never made an interview request and only asked to email with him, which he consented to).

Asked why he agreed to this interview, Madoff responded, "I'm not sure why I'm doing this."

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MADOFF: "I DID A LOT OF GOOD"

Madoff accused Irving Picard, the trustee charged with overseeing the recovery and distribution of money lost in the Ponzi scheme, of not giving him his due for helping victims get some their investments back.

"He'll take credit for everything but I can assure you, I played a major role in that," Madoff said, insisting that he has tried to help victims recover the initial capital they invested with Bernard L. Madoff Investment Securities LLC.

After pleading guilty, Madoff said, he spoke to Picard. He asserted that the information he shared, particularly about some of his biggest clients, has been critical to the trustee's ability to collect billions of dollars.

Picard's office dismissed Madoff's claim.

"The SIPA Trustee's position is that, as the perpetrator of the largest Ponzi scheme in history, Madoff's credibility is highly suspect and has no substantive value," said Amanda Remus, a spokesman for Picard.

Madoff's psychiatrist has explained to him the human instinct to compartmentalize, and that seems to be his way of dealing with the true magnitude of the loss stemming from his fraud. For one, he argued that \$16 billion has been recovered so far, and that this more than covers the original capital that his victims invested. In fact, "they will have made a return on their investments," he said.

Madoff's contention hinges on his belief that the money lost through his Ponzi scheme has

been distorted, and that the amount is closer to \$10 billion.

But Picard puts that figure at about \$20 billion, and that about half of that amount has been recovered or is a part of agreements to be recovered. A separate Justice Department recovery fund has about \$4 billion to be distributed to victims.

Regardless, Madoff's victims are hardly eager to hear how he has helped them.

Siegman, the retiree on Manhattan's Lower East Side, invested all of her savings with Madoff's firm. She was referred to Madoff in the early 1990s by the late Lillian Steinberg, a friend and a long-time leader of the American Jewish Congress. The organization lost millions of dollars because of Madoff.

Siegman's 40 years of life's savings vanished, and she said the money she's gotten back was "laughable, it was so small." She has no close family, and is getting by on food stamps and Medicare.

"I hang on by my fingernails," she said. "It's terrifying."

Madoff was well-known within New York's Jewish community — and his fraud was a particularly deep betrayal for charities, groups and individuals he had access to through Jewish circles.

He seemed annoyed at the suggestion that his crimes were particularly painful for one group more than another.

"I don't feel any worse for a Jewish person than I do for a Catholic person," he said. "Religion had nothing to do with it."

Pressed on the issue he said: "I don't feel that I betrayed the Jews, I betrayed people," before adding, "I betrayed people that put trust in me — certainly the Jewish community. I've made more money for Jewish people and charities than I've lost."

But Robert Lappin, the founder of a Jewish non-profit that had all of its assets invested with Madoff and was forced to temporarily close when Madoff's scheme collapsed, said there was "no doubt" that Jewish investors felt acutely betrayed by Madoff because he had presented himself as "a generous member of the Jewish community."

Lappin, who lost \$22 million of his own money invested with Madoff, expressed no surprise when told of Madoff's comments.

"He's a person that lacks empathy and really understanding of the enormous harm that he did," he said. "I think that in a sense, he's lived a life of denial."

Madoff insisted that he never intended his deception to grow as large as it did.

A point he kept repeating in the interview is that he originally had a successful business that made a lot of money for many clients, but when he suffered a big loss in the early 1990s, he started the Ponzi scheme to try to unwind the damage.

The idea was "wrong" and "shameful," but he said he wishes people could understand that it was never his intention to deceive his clients for so long.

"I don't believe I'm a bad person. I did a lot of good for people. I made huge sums of money for some people," he said. "It wasn't just for money. I already had huge amounts of money. It wasn't to buy yachts or homes. I had that from the beginning from legitimate money I made."

He added, "There's nothing to repent for. I already knew what I did was wrong."

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ANOTHER MADOFF OUT THERE?

More than five years after his years-long deception came to light, Madoff said he was convinced that there is most certainly another swindler out there pulling off a Ponzi scheme just like his.

He said the finance system is no more capable now of detecting frauds like the one he perpetrated than it was a few years ago.

"There's always going to be bad players like myself," he said.

Madoff contended that the regulators charged with policing financial markets don't have the resources to keep up.

"My crime was a failing of the oversight of the industry, but I can't really blame the SEC or regulators for that," he said. "The government never gives them enough money to police the industry – whether it's someone like me or insider trading."

Another problem, Madoff said, was the government's failure to jail individual bankers following the financial crisis.

"These people were breaking the law and nobody was convicted," he said.

He singled out JPMorgan Chase, where he banked, saying it was "wrong" that no one from the Wall Street firm was put behind bars. "They certainly prosecuted me," he said, letting out a dry laugh. JPMorgan recently reached a more than \$2 billion settlement with the government over its role in the Madoff scandal.

Unless there's a change, Madoff said, it will be impossible for regulators to compete against Wall Street firms with unlimited resources and teams of highly paid lobbyists who fight regulations.

Madoff would know. He served on the board of directors of the Securities Industry Association (it merged with The Bond Markets Association in 2006 to become Securities Industry and Financial Markets Association), where his main responsibility was to make sure regulations wouldn't hurt the industry's profitability. The SIA board was a popular destination for many ex-regulators, according to Madoff.

"They were just wearing different hats," he says. "The black hats were the regulators and the white hats were the industry, depending on how you looked at it."

A SIFMA spokesperson did not comment.

Asked about investment advice, Madoff noted that he's out of practice, but did offer this tip: "I certainly wouldn't invest in the stock market. I never believed in it. Most people lose money because of the emotional difficulty involved."

MADOFF ON LIFE AND DEATH

Are you afraid of dying? "No," Madoff said. "I don't have anything to live for."

Death, he said, couldn't be worse than his recent experience of losing his family.

He brings up the suicide of his son, Mark, who hanged himself in December 2010 at the age of 46. Madoff recalled a prison chaplain informing him of the news and feeling completely blind sided.

"I hold myself responsible for his suicide," he said. "My grandchildren are without their father. That's probably the worst."

He clears his throat and his eyes turn teary — one of only a few times this happens during the three-hour interview.

"The thing that was important to me was family, but that's all gone," he said. "That's more punishment than being incarcerated."

His family has said Madoff came clean to his wife Ruth, and their children, Mark and Andrew, about his massive fraud in at the end of 2008, after which his sons immediately turned him into authorities.

All three maintained they knew nothing about what their husband and father was up to, but the onslaught of legal troubles and media attention followed them everywhere, even years after Madoff was put behind bars.

Ruth Madoff has said she regretted not abiding by her children's request to cut ties with her husband sooner. After Mark's suicide, Madoff said Ruth has only communicated with him to give updates on "health issues" — namely, Andrew's battle with lymphoma.

Madoff said he believes in God and that he prays every day for the health of his family.

When he is asked to describe his last real conversation with his wife — the one where she asked that he let her go — it is the only time in the three-hour interview that Madoff answers: "I can't talk about that."

Madoff said he respects his wife's decision to distance herself from him after more than 50 years of marriage and understands why Andrew and his brother Peter — who is serving a 10-year sentence for aiding Madoff's scheme — refuse to speak to him.

"I'm in here and they're facing all the anger outside," he said. "It's unfair to them."

Madoff is angry, too, at the judge who sentenced him. "How do you give a 70-year-old man a 150-year sentence?" he asked. "I think the judge is an idiot. For all intents and purposes, it's a life sentence."

But when he sentenced Madoff, the judge, Denny Chin, now a U.S. Circuit Judge for the Second Circuit, was thinking about more than the consequences for the defendant. Chin, who has called Madoff's actions "extraordinarily evil," said at the sentencing hearing that he hopes the maximum punishment could "in some small measure, help these victims in their healing process."

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